

Senate Bill No. 487

CHAPTER 174

An act to add Section 10204.5 to the Insurance Code, relating to life insurance.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

SB 487, Cox. Group life insurance.

Existing law generally regulates group life insurance policies, and defines various forms of group life insurance.

This bill would provide that, in addition to the issuance of group life insurance otherwise permitted by specified provisions of law, the Insurance Commissioner may approve the issuance of group life insurance if the insurer or applicant proves specified facts to the commissioner's satisfaction, including facts regarding the insurer, the group to be insured, the premiums charged, and the public interest. The bill would allow an insurer under a policy covered by these provisions to exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to that insurer.

The people of the State of California do enact as follows:

SECTION 1. Section 10204.5 is added to the Insurance Code, to read:

10204.5. (a) In addition to the issuance of group life insurance to groups in this state as permitted elsewhere in this chapter, the commissioner may approve the issuance of group life insurance if the insurer or applicant proves to the satisfaction of the commissioner each of the following:

- (1) The policy, when issued, covers no fewer than 10 eligible group members.
- (2) There is a common enterprise or economic or social affinity or relationship among members of the group.
- (3) The premiums charged are reasonable in relation to the benefits provided under the group insurance policy.
- (4) The issuance of the policy would result in economies of acquisition or administration, would be actuarially sound, and would not be contrary to the best interests of the public.
- (5) The group was formed in good faith for purposes other than obtaining insurance.
- (6) If the group policyholder is an association, the association has a constitution and bylaws and has been in existence for more than two years.

(7) The insurer has been actively engaged in the business of writing the types of coverage offered in the group insurance policy for insureds other than the type of group covered by the policy, and is not organized solely or principally for the purpose of furnishing coverage to groups of this type.

(b) An insurer under a policy covered by this section may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(c) A fee of five hundred dollars (\$500) shall be charged to each insurer or applicant for each filing made pursuant to this section.